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Living Wage: Big Money's Wolf In Sheep's Clothing In Santa Monica

by Kelly Candaele and Peter Dreier

When the tobacco industry pushes for an "anti-smoking law," voters are wise to retain a healthy skepticism. When the health insurance industry leads the charge on "health care reform," it pays to read the fine print. And when major business interests craft a policy designed to secure a "living wage" for working men and women, you can be sure that no startling act of economic altruism has occurred.

The Santa Monica Chamber of Commerce and other business interests are bankrolling a "living wage" initiative in a blatant attempt to undermine a more far-reaching approach making its way through the Santa Monica City Council. With a sizable war chest, the business-sponsored organization, Santa Monicans for a Living Wage, has hired an experienced political consultant and a politically connected downtown L.A. law firm to carry out its plan.

The group has sent expensive direct-mail pieces to voters. One of these fliers claims that the proposal would pay Santa Monica workers a wage high enough to make them "self sufficient." It also hired people to gather signatures to get its initiative on the local ballot in November.

More than 40 local living-wage laws have been enacted across the country, and another 80 have been proposed. Business leaders across the country see the battle in Santa Monica as a brush fire in a larger war against local measures that require employers to improve wages and benefits for the working poor. Business groups are using Santa Monica as an experiment to see if strong living-wage laws can be stopped with an expensive public relations and political strategy.

Here's the catch: The business proposal is expected to cover only about 200 city employees. It would exempt large employers that lease land from the city, like companies that operate at the Santa Monica Pier and the Santa Monica Airport. Most critically, the initiative would preclude the elected City Council from ever directly enacting its own living-wage policy.

The business-sponsored initiative is a response to a proposal advocated by Santa Monicans Allied for Responsible Tourism, or SMART, a coalition of community, religious and labor groups. SMART's plan, which is now being studied by the City Council, would require businesses with 50 or more employees within the "coastal zone"--the city's hotel, restaurant and shopping district--to pay their workers a minimum of \$10.69 an hour. This amounts to a yearly income of about \$22,000 for a full-time worker with a family of four, slightly over the poverty line. The proposal would cover an estimated 3,000 employees, most of them low-wage service workers in luxury hotels, large restaurants and retail outlets.

This proposal, even if modified by the City Council, would change the discussion about what constitutes a living wage and who should pay it. It is a departure from

other ordinances across the country that generally only cover businesses that have contracts or subsidies with city or county governments.

SMART's logic for including private-sector businesses with at least 50 employees is compelling. Owners of large and small companies often argue that they are independent operators whose success depends on their talent and ingenuity. In reality, Santa Monica's private tourism industry is heavily subsidized by local, state and even federal funding. Over the years, government has invested large amounts of public dollars on infrastructure and general improvements in the coastal zone.

These investments have turned Santa Monica into a major resort destination, attracting millions of tourists and travelers. Tens of millions of dollars have been spent to renovate the publicly owned Santa Monica Pier and popular beachfront park. Another \$3.5 million in city funds were used to renovate the Third Street Promenade. Increased police presence on the pier and at the Promenade and the development of tourist transit facilities have cost millions more.

Government has played a critical role in improving the Santa Monica business climate that makes local firms so profitable. Santa Monica's booming economy has generated thousands of low-wage jobs. Yet while businesses thrive, full-time workers remain dependent on public services such as food stamps, housing assistance and public health care.

Santa Monicans have a chance to show that they can see through the business community's lavishly financed smoke screen. Like L.A.'s janitors, Santa Monica's low-wage workers--and their allies among religious and community groups--hope that grass-roots democracy will prevail over Big Money.

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